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IN THE

Supreme Court of the United States

No. ~~725~~ 38 OCTOBER TERM—1952

SIDNEY STEELE, *et al.*,

Petitioners,

vs.

BULOVA WATCH COMPANY, INC.,

Respondent.

ON PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR FIFTH CIRCUIT

BRIEF FOR THE RESPONDENT IN OPPOSITION

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IN THE

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No. 725 OCTOBER TERM—1951

SIDNEY STEELE, *et al.*,
Petitioners,

vs.

BULOVA WATCH COMPANY, INC.,
Respondent.

ON PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR FIFTH CIRCUIT

BRIEF FOR THE RESPONDENT IN OPPOSITION

The Respondent presents this brief in opposition to the Petitioners' application for writ of certiorari herein.

Opinions Below

The Findings of Fact, Conclusions of Law, the judgment and the opinions are printed in the Record (R. 347-50; 560-75).

Question Presented

The single question in this case is whether the District Court had jurisdiction as found by the Court of Appeals.

Statute Involved

The Lanham Trade-mark Act, Act of July 5, 1946, 60 Stat. 427, incorporated in 15 U. S. C. Secs. 1051-1127.

Statement

The action was brought in the District Court of the United States for the Western District of Texas, San Antonio Division, by Bulova Watch Company, Inc., a corporation organized and existing under the Laws of the State of New York against Sidney Steele and Sofia Steele (also known as Sophie Steele), citizens of the United States residing in the City of San Antonio, Texas, who conduct a watch business in Mexico where they assemble watches with parts brought in from the United States and Switzerland. The Steeles then stamp and sell those watches, using the name "Bulova" and selling them as Bulova watches. The other defendant S. Steele y Cia., S.A., is a Mexican corporation which petitioners contend no longer exists but which was owned by them for the operation of the said business. The Bulova Watch Co., Inc., of New York, sought to restrain petitioners from using the name "Bulova" anywhere in the world. Petitioners Steele contend that their use of the name is legal in Mexico.

The District Court dismissed the action upon the ground that the Court lacked jurisdiction. All the testimony was not yet in, and both plaintiffs and defendants stated they had additional testimony to offer (R. 334, 346). The trial held in the District Court developed the following:

Bulova Watch Co., Inc., its predecessors and the Bulova family have been using their surname "Bulova" to identify their watches since 1875 (R. 64). Since 1927, the name "Bulova" as applied to watches, has been registered under the various Trade Mark statutes of the United States, including the Lanham Act of 1946 (R. 5, 90, 91, 92).

The Bulova Watch Co. has built up a watch business to the point that it is now the world's largest single manufacturer of watches and its yearly sales exceed $50,000,000 (R. 86). It spends many millions of dollars each year in the United States (R. 71, 107) and abroad (R. 75) including Mexico (R. 110), to advertise its products and to make its name and reputation known to the public. Such advertising was broadcast through radio stations (R. 73, 74, 79, 82, 106, 109) printed in American publications and magazines which had wide circulation in Mexico, and in the Spanish language-Latin American editions of Reader's Digest and other publications (R. 110, 111, 112, 115). The name "Bulova" has been displayed and announced on approximately 300 radio stations (R. 109), and in a great number of newspapers, periodicals, magazines, and car cards (R. 110), as well as displays provided by respondent for shop dealers in many thousands of shops in the United States (R. 84), with "practically every field" covered (R. 110), in the United States and Mexico. From 1929 until the present time, respondent advertised its products from radio stations close to the United States-Mexico Border and over Mexican radio stations (R. 73, 74, 109, 110). Great sums of money were spent on newspaper advertising in border towns, including Spanish language newspapers on both sides of the Border (R. 110, 111, 115, 116).

Petitioner Steele testified that he started in the jewelry and watch business in Texas in 1922 (R. 123); that he first learned of the name "Bulova," as applied to watches, while employed in 1926 in the watch business (R. 125); that he later engaged in his own business; that he began going into Mexico to engage in the watch business (R. 123) that neither he nor any member of his family was ever named Bulova (R. 130); that in 1933 he searched the records of Mexico and found that the name "Bulova" was not registered in Mexico (R. 128); and that, without any permission from any member of the Bulova family or the

Bulova Watch Co. he appropriated and registered the name for himself and his firm S. Steele y Cia., S.A., which was owned by him and his wife; that thereafter he dissolved the corporation and had the trade mark assigned to himself (R. 16, 162). Under Texas law, that asset, created after coverture, is owned by him and his wife as community property.

Respondent, in the normal course of its business, received numerous complaints concerning watches which purported to be manufactured by Respondent but which, in fact, were spurious and not manufactured by the Respondent (R. 116, 117). Respondent brought this action to restrain petitioners from indulging in unfair competition by and from using the name "Bulova." The Summons and Complaint, issued out of the United States District Court for the Western District of Texas, Southern Division, were personally served upon Sidney Steele and his wife in San Antonio, Texas, by the United States Marshal.

Upon presentation of the matter to the District Court below, and before both sides had closed their case, the Court entered an order that it lacked jurisdiction to hear the matter, made certain findings of fact and conclusions of law and dismissed the complaint "with prejudice."

On pages 4 to 6 of the petition for the writ of certiorari the petitioner sets forth the four findings of fact, and the three conclusions of law made by the District Court and states that it was based on undisputed evidence. An example of the inaccuracy of that statement is an examination of the language in the Court's Finding No. 3 (R. 361) where the Court says

> "The defendant Steele procures all watch cases and watch dials used by him in his business in Mexico City from Switzerland except for some watch cases and watch dials which are procured from manufacturers or jobbers in the United States."

Actually, petitioner Steele testified (R. 152) "* * * a *majority* of them (watches) have something of an American make on them. * * *" (Italic supplied) and at R. 168 he testified that he purchased *all* his dials from the Berna Swiss Company (whose offices are in the United States according to Sidney Steele's testimony at R. 165). He testified that he bought his watch cases (R. 167) from Elite Watch Company, 150 Varick Street, New York, Acme Watch Case Company "260 or 270 Lafayette Street, New York," and "many of them were bought by (*sic*) Morris Hoffman (R. 167) of 580 Fifth Avenue, N. Y. (R. 165).

The plaintiff in the District Court, the respondent herein, submitted proposed findings (R. 350) which were denied. Respondent herein, the plaintiff in the District Court, excepted to the findings of fact of the Court in Assignment Nos. 4, 5, 6, 7, 8, 14, 15, 16, 17, 22, 28, 31 and the conclusions of law were excepted to in assignment Nos. 9, 10, 11, 12, 18, 19, 20, 21, 23, 24, 25, 26, 27 and 28 (R. 371 to 378 incl.).

ARGUMENT

The Court of Appeals properly found that the District Court had jurisdiction.

Respondent at the outset wants to point out that the petitioner avoids the real issues. The District Court did not hold that it had no power to nullify a Mexican trademark. Respondent did not and does not seek a decree of nullification, but seeks to restrain the defendant Steele, the petitioner herein, from unfair competition and from improper use of the respondent's property: the name "Bulova." It was the position of the District Court that it lacked jurisdiction to restrain the petitioner from such unfair competition. This was the decision that the respondent appealed and which was reversed by the United States Court of Appeals.

I

Petitioner in support of the first question which he claims is presented cites the decision in *American Banana Co.* v. *United Fruit Co.*, 213 U. S. 347. This is adequately answered by *Branch* v. *F. T. C.*, 141 F. (2d) 31.

In the *Branch* case (*supra*), the Petitioner therein operated a correspondence school in Illinois, but obtained some of his students from Latin American countries. The petitioner contended that the fact that the acts complained of were committed outside the territorial jurisdiction of the United States, the Courts of the United States had no jurisdiction over the acts, relying on *American Banana Co.* v. *United Fruit Co.* (*supra*).

Mr. Justice MINTON, then on the Court of Appeals for the Seventh Circuit, stated:

> "Finally it is contended by the petitioner that the Commission has no jurisdiction because the acts complained of, that is, the circulating of the misrepresentations in the forms of letters, catalogs and newspaper advertisements, took place in Latin American countries. It is true that much of the objectionable activity occurred in Latin America; however, it was conceived, initiated, concocted and launched on its way in the United States. That the persons deceived were all in Latin America is of no consequence. It is the location of the petitioner's competitors which counts.
>
> "The Federal Trade Commission does not assume to protect the petitioner's customers in Latin America. It seeks to protect petitioner's competitors from the unfair practices, begun in the United States and consummated in Latin America. It seeks to protect foreign commerce. If that commerce was being defiled by a resident citizen of the United States to the disadvantage of other competing citizens of the United States, the United States had a

> right to protect such commerce from defilement, even though the customer who was the victim of such defilement and a non-resident may look to his sovereign for protection. The right of the United States to control the conduct of its citizens in foreign countries in respect to matters which a sovereign ordinarily governs within its own territorial jurisdiction has been recognized * * * (Cases Cited) * * * Congress has the power to prevent unfair trade practices in foreign commerce by citizens of the United States although some of the acts are done outside the territorial limits of the United States."

And in the case of *Blackmer* v. *U. S.* (284 U. S. 421), the United States Supreme Court said:

> "With respect to such an exercise of authority, there is no question of international law, but solely of the purport of the municipal duties of the citizen in relation to his own government. While the legislation of the Congress, unless the contrary intent appears, is construed to apply within the territorial jurisdiction of the United States, the question of its application, insofar as citizens of the United States in foreign countries are concerned, is one of construction, not of legislative power."

II

The petitioner in the second question which he claims is presented cites the case of *Schooner Exchange* v. *M'Faddon*, 11 U. S. 116. An examination of that case shows that the sole question involved was whether the Court could have jurisdiction of a public armed vessel of Napoleon, Emperor of the French. The question in the case at bar does not involve any public vessel. The respondent is not seeking to compel any official of the Republic of Mexico to do anything. The District Court had personal jurisdiction of the petitioners Steele, two of the defendants. Plain-

tiff simply seeks to compel them to refrain from their acts of unfair competition and to compel them to undo the things accomplished through their fraudulent acts. It is no different than if in an action for specific performance they were being compelled to execute and deliver a deed for land located in Mexico. The principle is the same.

We respectfully refer the Court to the case of *Durham* v. *Scrivener* (259 S. W. 606), where Justice JENKINS of the Court of Civil Appeals of Texas said (affirmed by Texas Supreme Court, 270 S. W. 161):

> "The fact that land embraced in a deed sought to be cancelled because of fraud, is in Oklahoma, would not prevent a Texas court from cancelling that deed where the Texas court acquired jurisdiction of the person against whom the relief is sought."

In the leading Texas Supreme Court case of *Moton* v. *Hull*, 13 S. W. 849, the problem was whether a Texas Court could restrain a Texas citizen from proceeding in another state by Writ of Garnishment to seize wages for personal services. Such seizure of wages, by way of garnishment, is especially forbidden under Texas law, although garnishment was legal where the garnishment suit was brought. Said Texas Justice HOBBY:

> "The correct rule upon this subject we understand to be that if the averments of a Petition for injunction are of such a character as to make it the duty of the Court to restrain or enjoin the party from instituting or conducting like proceedings in a Court of this State, it would be a proper case for restraining him by a similar process from prosecuting such suit in the courts of another state."

The Court goes on to cite the cases of *Dehon* v. *Foster* (4 Allen 550), and *Snook* v. *Snetzer* (25 Ohio State 516), and then says:

> "It is * * * clear and indisputable that a Court in Chancery upon a statement of a proper case, possesses the power to restrain persons within its jurisdiction from prosecuting suits either in its own courts or in other states or foreign countries."

This power or authority is exercised upon the ground of the right of the state to compel its citizens to respect its laws beyond its territorial limits. Story, Eq. Jur. 899:

> "Although the courts of one country have no authority to stay proceedings in the courts of another, they have undoubted authority to control all persons and things within their own territorial limits. When, therefore, both parties to a suit in a foreign country are resident within the territorial limits of another country, the courts of equity in the latter may act *in personam* upon those parties and direct them by injunction to proceed no further in such suit."

Justice HOBBY went on to say:

> "The exercise of this power does not proceed upon any claim of right to interfere with or in any manner control or stay the proceedings in the courts of another state but upon the ground that the person to whom the restraining process is directed is residing within the court's jurisdiction and that he is within the power of the court issuing such process." (*Keyser* v. *Rice*, 47 Md. 203, 213.)

The principles enunciated in *Moton* v. *Hull* have been consistently followed in Texas and in other courts. They are based upon the rules deduced from the old English case of *Penn* v. *Lord Baltimore* (1 Ves. Sen. 444), wherein Lord HARDWICKE recognized the principle that equity acts primarily *in personam* and that while a person against whom relief is sought is within the jurisdiction, it may make a decree upon equities subsisting between the par-

ties, respecting property situate out of the jurisdiction. Chief Justice FULLER, in the case of *Cole* v. *Cunningham* (133 U. S. 107), quotes *Massie* v. *Watts* (6 Cranch 148) and *Pennoyer* v. *Neff* (95 U. S. 714), which drew their substance from the case of *Penn* v. *Lord Baltimore* (*supra*). Justice FULLER goes on to quote STORY (as quoted above) and he says:

> "It is now held that whenever the parties are resident within the country, the courts of that country have full authority to act upon them personally with respect to suits in a foreign country, as the ends of justice may require, and with that in view, to order them to take or to omit to take any steps or proceedings in another court of justice, whether in the same country or in any foreign country."

Chief Justice FULLER goes on to quote Mr. Justice SWAYNE in the case of *Phelps* v. *McDonald* (99 U. S. 298, 308):

> "Where the necessary parties are before a court of equity, it is immaterial that the *res* of the controversy, whether it be real or personal property, is beyond the jurisdiction of the tribunal."

And he concludes:

> "Such is undoubtedly the result of the clear weight of authority and the rule has often been applied by the courts of domicile against the attempts of some of its citizens to defeat the operation of its laws to the wrong and injury of others."

These principles have been summarized in 28 Am. Jur., p. 391, par. 205, as follows:

> "The power of a court of equity to restrain actions in another state or country rests on the authority vested in them over persons within the limits of their jurisdiction, to enjoin them from doing inequitable acts to the wrong and injury of others,

and on the power of the state to compel its own citizens to respect its laws, even beyond its own territorial limits. The Court proceeds on the theory that as long as a citizen belongs to a state, he owes it obedience; and that, as between states, the state in which he is domiciled has jurisdiction over his person, and his personal relations to other citizens of the state."

In *Western Clock Manufacturing Company* v. *A. C. Smith*, New York Supreme Court, 2 T. M. Reports 522 (known as the "Big Ben" case), we find that the defendant, an American dealer, *residing in Mexico*, who registered trade-mark of "Big Ben" owned by plaintiff. Acting in equity, the Court restrained the defendant from the use of such name and perpetually enjoined him from claiming to be the owner of the trademark words, "Big Ben," and from claiming any rights by virtue of the registration of such name in the Republic of Mexico. He was further ordered by the Court to "forthwith assign and transfer by proper instrument in writing * * * all right and interest in and to the registration of the trademark words, 'Big Ben' * * * Or in the alternative * * * to forthwith execute and deliver to the plaintiff, Western Clock Manufacturing Company, a petition in proper form to the Director of the Bureau of Patents and Trademarks in the Republic of Mexico for the cancellation of the name of 'Big Ben' * * * or to execute such papers as are necessary to procure the cancellation of the trademark so registered in Mexico."

Respondent shows that the case against the petitioners, the Steeles, is a much stronger one in that in the *"Big Ben"* case the defendant was a resident of Mexico, while in the case at bar the petitioners are residents of the United States, procuring a part of the merchandise sold as Bulova watches through interstate and foreign commerce, originating in the United States.

III

The petitioner with respect to the third question which he claims is presented in this case relies on *Ingenohl* v. *Olsen & Co.*, 273 U. S. 541 and *Hanover Star Milling Co.* v. *Metcalf*, 240 U. S. 403.

Petitioner misapplies the doctrine in *Ingenohl* v. *Olsen*, *supra*.

In that case, the Alien Property Custodian transferred a trade-mark which he had seized here in the United States. The case merely held that the Alien Property Custodian could not convey the English rights to the trade-mark as well as the American rights, because Congress could not give him powers to seize property in English Hong-Kong. That is a far cry from saying that a United States Court cannot decree that an American citizen (Steele) who, by some means, obtained registration in a foreign country, of an American trademark belonging to another American (Bulova Watch Co.) shall not use that trade-mark because he (Steele) is in violation of United States law when he uses such trademark.

In the *Hanover Star Milling Co.* v. *Metcalf*, *supra*, petitioner gives a quotation from Mr. Justice Holmes which is from a concurring opinion by Mr. Justice Holmes and was not the opinion of the Court.

Mr. Justice Holmes continued to state immediately after the quotation cited by petitioner the following:

> "The question then is what is the common law of Alabama in cases like these. It appears to me that if a mark previously unknown in that State has been used and given a reputation there, the State well may say that those who have spent their money innocently in giving it its local value are not to be defeated by proof that others have used the mark earlier in another jurisdiction more or less remote."

This language very significantly applies to the case at bar. The evidence clearly shows that petitioner's use of the name "Bulova" was not innocent. It was not a name that could be conceived by two persons or concerns independent of each other. Steele knew of the Bulova Watch Company of New York, he knew of Bulova watches, and his testimony is distinct that he registered it in Mexico because he looked it up and found that the Bulova mark had not yet been registered in Mexico. A more flagrant case of an appropriation of another's mark cannot be found anywhere. Nor does anything in Mr. Justice HOLMES' opinion vitiate the contention that a Court has a right to protect against such fraud.

In the same case Mr. Justice PITNEY who wrote the opinion for the Court stated:

> "In fact, the common law of trade marks is but a part of the broader law of unfair competition. (Citing cases.)"

And on page 415 he goes on to say:

> "Expressions are found in many of the cases to the effect that the exclusive right to the use of a trademark is founded on priority of appropriation. Thus, in Canal Co. v. Clark, 13 Wall. 311, 323, reference is made to 'the first appropriator'; in McLean v. Fleming, 96 U. S. 245, 251, to 'the person who first adopted the stamp'; in Manufacturing Co. v. Trainer, 101 U. S. 51, 53, the expression is 'any symbol or device, not previously appropriated which will distinguish,' etc. But these expressions are to be understood in their application to the facts of the cases decided. In the ordinary case of parties competing under the same mark in the same market, it is correct to say that prior appropriation settles the question. But where two parties independently are employing the same marks upon goods of the same class, but in separate markets wholly remote the one from the other, the ques-

> tion of prior appropriation is legally insignificant, unless at least it appear that the second adopter has selected the mark with some design inimical to the interests of the first user such as to take the benefit of the reputation of his goods, to forestall the extension of his trade, or the like."

Our contentions can best be summarized by taking out of the context of the above opinion (at page 418 of the opinion) the following language:

> "It was such a mark as could not be accidentally hit upon."

The aptness of this quotation is obvious because "Bulova" is the family name of the founder of the respondent, and in any event Steele testified he knew the name "Bulova" was attached to watches in the United States before he registered the name in Mexico.

In this third question petitioners raise the question as to whether the fact that Steele is an American citizen and was personally served with process in the district gave the trial Court jurisdiction. Respondent's contention as has been stated once before in this brief is that an American citizen whether native or naturalized is responsible not only for acts committed in the United States and in its territories but also anywhere in the world. He cannot avoid the obligations of his citizenship and his being subject to the laws of the United States.

In the days when a native born United States citizen could not divest himself of citizenship, the Court held him to be subject to the laws of this country. This is clearly shown in case No. 17,708 known as the *Williams'* case decided in the year 1790 in the Circuit Court of Connecticut. An extract from the digest summarizes the decision of the Court accurately.

> "A native American who has become naturalized under the laws of France still remains subject to indictment in the United States Courts, for serving on a French privateer engaged in committing hostilities against a power at peace with the United States."

IV

In discussing the fourth question which he claims is presented, petitioner cites the case of *Dowagiac Manufacturing Co.* v. *Minnesota Moline Plow Co.*, 235 U. S. 641, and sets forth a quotation therefrom. Further on in that opinion the Court said at page 644:

> "At the outset it should be observed that, while the defendants were infringers, and bound to respond as such to the plaintiff, their infringement was not wanton or wilful. The masters and the courts below expressly so found and the evidence sustained the finding. The defendants, therefore, were not in the situation of the infringing manufacturer in Brennan & Co. v. Dowagiac Co., 162 Fed. Rep. 472, of whom the Circuit Court of Appeals for the Sixth Circuit said (p. 476): 'It has made and sold these infringing drills with a purpose to imitate the patentee's construction."

And later the Court said:

> "* * * the patent was not for a new and operative grain drill, but only for particular improvements in a type of grain-drill then in use and well known."

From these quotations from the same case it can be seen that the rule seems to be different when it is tinged with fraud.

It needs no citation of authority that the rule in patent cases is different from the rule in copyright cases and both patent cases and copyright cases are different than trademark and unfair competition cases.

V

In his point V petitioner cites cases in support of the contention that he had raised below that the matter was *res adjudicata* by reason of certain claimed decisions in Mexico. As respondent has pointed out before, this question has no application to the instant case. The decision of the Court of Appeals was solely on the question of jurisdiction. The decision of the District Court was, as announced during the trial, only upon the ground that it did not have jurisdiction. The Court said, "I have reached the conclusion that I don't have jurisdiction in this case" (R. 334).

Furthermore, the case was not completed and the Court was informed that the respondent herein, the plaintiff in the District Court, had a Mexican Lawyer expert witness in Court ready to testify as to the word "amparo" which is the crux of the Mexican proceeding (R. 334). The word "amparo" was the subject of much dispute and the testimony of that expert would have shown that the proceeding in Mexico was not *res adjudicata*.

Respondent does not wish to be pushed into the error of adopting the framing of the issues which petitioner tries to force on respondent and your Honorable Court. The issues are not factual but legal. Petitioner tries to inject into the case questions of laches, *res adjudicata* and justification. None of these issues have any place in this case.

Respondent reiterates that the sole question that was decided by the District Court was its "lack of jurisdiction". Laches was not part of the plaintiff's case since it is a matter which must be raised by the defense. The defendant's case was incomplete and plaintiff's rebuttal had not been put in so that whether or not there was laches herein was as yet undetermined by the proof before the

Court. This was clearly recognized by the Court of Appeals and its reversal of the District Court was based upon its conclusion that the Court had jurisdiction and, therefore, committed error in dismissing the complaint.

VI

In Point VI the petitioner claims that the Court of Appeals misconstrued the Lanham Trademark Act. This is clearly answered by the following quotations from the majority opinion of the Court of Appeals below.

On page 11 the court said:

> "The Lanham Act prohibits importation into the United States of labelled or branded merchandise, 'which shall copy or simulate the name of any domestic manufacture or manufacturer, or trader.'
>
> "That section is not effective, however, to prevent many Americans who visit Mexico from purchasing spurious Bulovas in Mexico and bringing them back across the border into the United States with a resultant substantial effect on foreign commerce and with resultant damage in the United States to the reputation and good will of the Bulova Watch Company."

and on page 10 the Court said

> "Steele's conduct involved the purchase of watch cases and dials in the United States. It not only had a substantial effect on foreign commerce, but it resulted in injury to the Bulova Watch Company within the borders of the United States."

The power of the Court to prevent the petitioner over whom it had personal jurisdiction from so injuring the respondent's property within the United States is clearly set forth in the *Salton Sea* cases, 172 F. 792.

> "The Salton Sea cases, supra, involved an action brought to recover for damages resulting from the flooding and overflowing of Complainant's lands

(situated within the territorial limits of the United States) by Defendant's diversion of water from the Colorado River (by dams erected in Mexico) and for injunction restraining the continuance of such diversion of water. The Plaintiff was the New Liverpool Salt Co., a California corporation located on the Colorado River, which did not flow naturally on or near the Plaintiff's land. The defendant was the California Development Co., a New Jersey Corporation, which diverted the waters of the Colorado River in such a way as to cause the river to flood plaintiff's land. The defense advanced by the Defendant was that the water was diverted in Mexico by a Mexican company. The Court analyzed the testimony and developed the fact that the Mexican company, which actually caused the diversion, was controlled by the Defendant New Jersey corporation, which was within the jurisdiction of the Court. The Court quoted High on Injunctions (4th Edition, Section 669):

> " 'Where one resorts to a Court of Equity for one purpose, his case will be retained until the entire matter is disposed of upon the principle that the Court having jurisdiction of the cause for one purpose will retain it to give general and complete relief, thereby preventing a multiplicity of suits.' "

Then the Court went on to say that:

"The California Development Co. was beyond question in control of the entire work of diverting the water from the river for this irrigation system. * * * The Mexican company, if it acted at all, was a mere formal instrument or agent, acting for and under the direction of the California Development Co. * * * It is further objected that the Court had no jurisdiction to decree an injunction in effect abating a nuisance caused by the construction of intakes in the Republic of Mexico and it is claimed that there is a rule supporting this objection, to the

> effect that a court of equity can never compel a Defendant to do anything which is not capable of being physically done within the territorial jurisdiction of the Court."

The Court explained that it had jurisdiction and quoted from *Rickey Land & Cattle Co.* v. *Miller and Lux* (152 F. 11):

> "That this Court has jurisdiction over the person of the Defendant is unquestioned. It can reach him by injunction and punish him for contempt if he violates it."

This doctrine had its foundation in the equity courts of England at an earlier day (*Penn.* v. *Lord Baltimore, supra*) where Lord Hardwicke said:

> "As to the Court's not enforcing the execution of their judgment, if they could not at all, I agree it would be in vain to make a decree, in rem in the present case. But that is not an objection against making a decree in this Court, as a Court of Equity, is in personam. * * * In the case of Lord Anglesey, in land lying in Ireland, I decreed for distinguishing and settling the parts of the estate, though impossible to enforce that decree in rem, but the party being in England I could enforce it by process of contempt in personam and sequestration, which is the proper jurisdiction of this Court."

In the *Salton Sea* case, the Court said that the title to the land was not in litigation nor was the right of the Complainant to dig and remove the soil therefrom in controversy. The sole question was the right of the Complainant to have the aid of a Court of Equity to protect his estate from destruction by acts done by the Defendant outside the jurisdiction of the Court.

An analogy can be drawn to our case. The Bulova Watch Co. has built a substantial business in the United States and all over the world. It extensively advertises its product. It is well known throughout the world and

has created a tanglible property value in its good will. The petitioner, Sidney Steele, admits that he merely stamps the name "Bulova" on his Steele watches but in the same style and manner in which the Respondent stamps its watches (R. 166). Steele himself testified that he did practically no advertising of the name "Bulova" (R. 168, 174) and that there was no special watch which was a Steele "Bulova" but that he merely stamped the name "Bulova" or "Sidney" or "Erma" on any watch (R. 150, 153, 176), according to whether a customer sought one or the other. One of the witnesses for respondent testified that when he complained that the price Steele was asking for the watch was too much, Steele replied that it was not too much for a Bulova, a very excellent watch (R. 234). Obviously, his statement to the witness was made with the intention of leading the customer, whose testimony was given in Court, to believe that he was buying one of the watches advertised by the Bulova Watch Company of New York, the respondent herein. From Steele's own statements, it can be seen that all of his actions were conceived in fraud and carried out fraudulently with the intent to deceive the public into believing that the watches sold by petitioners were those advertised by the respondent and with the intent to trespass upon respondent's property rights in its own goodwill.

CONCLUSION

It is respectfully submitted that the petition should be denied.

Respectfully submitted,

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